

MANISTEE TOWNSHIP  
MANISTEE , MICHIGAN

AUDIT REPORT

For Year Ended  
March 31, 2008

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MANISTEE TOWNSHIP  
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# INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

Manistee Township  
Manistee, Michigan

We have audited the financial statements of Manistee Township as of and for the year ended March 31, 2008, and have issued our report thereon dated January 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manistee Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Manistee Township's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manistee Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Manistee Township's response to the findings identified in our audit are described above. We did not audit Manistee Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "David E. Wilson CPA". The signature is written in a cursive, flowing style.

Interlochen, MI  
January 15, 2009

# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Manistee Township Board  
Manistee, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manistee Township, Manistee County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Manistee Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Manistee Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2009, on our consideration of the Manistee Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manistee Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor

fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

 CPA

Interlochen, MI  
January 15, 2009



# Manistee Township

## Management Discussion and Analysis

This discussion and analysis provides an overview of the Manistee Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Manistee Township's financial statements.

### Financial Highlights:

- The Manistee Township's net assets changed with a 8.51 percent increase attributed to frugal township operations.

### Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Manistee Township as a whole and present a longer-term view of the Manistee Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Manistee Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Manistee Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Manistee Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Manistee Township acts solely as a trustee or agent for the benefit of those outside of the government.

### Reporting the Manistee Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Manistee Township is operating in either a trust or agency status. These funds have

no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Manistee Township.

### 3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### The Manistee Township as a Whole:

The following table shows a comparison of current and previous year net assets:

Assets	2007	2008
Cash	1,933,337	2,104,381
Other Current Assets	16,379	14,746
Capital Assets Net	<u>305,773</u>	<u>297,284</u>
Total Assets	2,255,489	2,416,411
Liabilities and Net Assets		
Liabilities	0	15,667
Net Assets	<u>2,255,489</u>	<u>2,255,489</u>
Total Liabilities and Net Assets	2,255,489	2,416,411

The Manistee Township's combined net assets increased 10.75% from a year ago - increasing from \$2,026,275 to \$2,244,142.

### Governmental Activities:

	2007	2008
Revenues		
Taxes	142,819	299,055
State Grants	202,022	203,757
Interest and Rental	97,762	143,395
Charges for Services	24,132	16,141
Other	<u>54,916</u>	<u>24,097</u>
Total Revenue	521,651	690,355
Expenditure	352,450	533,753
Transfers	<u>0</u>	<u>0</u>
Excess Revenue	169,201	156,602

The Manistee Township's real governmental revenues increased by approximately \$156,236. This increase, which represents 29.95 percent, was primarily due to increases in payments in lieu of taxes (PILT) revenues.

These activities expenses increased by \$181,303, or 51.44 percent, and were due largely to the completion of a road projects.

## **The Manistee Township's Funds:**

Our analysis of the Manistee Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Manistee Township as a whole. The Manistee Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millage. The General Fund pays for most of the Manistee Township's governmental services including Fire and Garbage Services.

## **General Fund Budgetary Highlights:**

Over the course of the year the Manistee Township Board was able to maintain the Manistee Township departments within their prescribed budgets.

## **Capital Asset and Debt Administration:**

### ***Capital Assets***

The Manistee Township made a small capital improvement with the replacement of the old township hall roof.

### ***Debt***

The Manistee Township acquired no additional debt in 2008 and has no debt.

## **Economic Factors and Next Year's Budgets and Rates:**

Manistee Township's 2008-2009 budget calls for the allocated millage. With this millage we are able to fund the majority of fire services and general services including garbage pickup services. There are additional voted millages to supplement fire operations.

## **General Overview of the Accomplishments of Manistee Township in the 2008 Fiscal Year:**

The Manistee Township finances have been managed very closely in 2007-2008. This is reflected in an increase of the General Fund balance. Manistee Township is in a very healthy state as a whole.

## **Contacting the Manistee Township's Management:**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Manistee Township's finances and to show the Manistee Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 723-6507.

MANISTEE TOWNSHIP  
STATEMENT OF NET ASSETS  
As Of March 31, 2008

	<u>Total</u>	
<u>Assets</u>		
Cash & Investments	\$2,104,381	
Accounts Receivable Taxes	0	
Accrued Interest Receivable	0	
Prepaid Insurance	14,746	
Due from Other Funds	<u>0</u>	
Total Current Assets		2,119,127
Net Fixed Assets		<u>297,284</u>
Total Assets		<u><u>2,416,411</u></u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	14,494	
Retirement Payable	1,173	
Deferred Taxes	0	
Due to T&A Fund	<u>0</u>	
Total Liabilities		15,667
Fund Equity		
Don Worm Memorial	1,090	
Fund Balance	<u>2,399,654</u>	
Total Fund Equity		<u>2,400,744</u>
Total Liabilities and Fund Equity		<u><u>\$2,416,411</u></u>

The footnotes are an integral part of these Financial Statements

**MANISTEE TOWNSHIP**  
Statement of Activities  
For Year Ended March 31, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary government				
Governmental activities:				
Legislative	\$92,765		\$0	(\$92,765)
General Government	106,731			(106,731)
Public Safety	59,108			(59,108)
Public Works	256,023	16,141		(239,882)
Liquor	1,110			(1,110)
Depreciation	18,016			(18,016)
Total Governmental Activities	533,753	16,141	0	517,612
General Revenues:				
Taxes				
		Property Taxes-general		299,055
		Rental Income		5,668
		Licenses		3,910
		State-Shared Revenues		203,757
		Other Revenue		24,097
		Unrestricted Investment Earnings		137,727
Special Items				0
Transfers				0
Total General Revenue-Special Items and Transfers				674,214
Changes in Net Assets				156,602
Prior Period Adjustment				0
Net Assets - Beginning				2,244,142
Net Assets - Ending				\$2,400,744

The footnotes are an integral part of these Financial Statements

MANISTEE TOWNSHIP  
Balance Sheet  
ALL GOVERNMENTAL FUNDS  
As Of March 31, 2008

	General Fund	Non Major Funds	Total
<b><u>Assets</u></b>			
Cash & Investments	\$2,102,061	\$2,320	\$2,104,381
Accounts Receivable Taxes	0		0
Accrued Interest Receivable	0		0
Prepaid Insurance	14,746		14,746
Due from Other Funds	0		0
Total Assets	<u>2,116,807</u>	<u>2,320</u>	<u>2,119,127</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities</b>			
Accounts Payable	14,494		14,494
Retirement Payable	1,173		1,173
Deferred Taxes	0		0
Due to T&A Fund	0		0
Total Liabilities	<u>15,667</u>	<u>0</u>	<u>15,667</u>
<b>Fund Equity</b>			
Don Worm Memorial	1,090		1,090
Fund Balance	<u>2,100,050</u>	<u>2,320</u>	<u>2,102,370</u>
Total Fund Equity	<u>2,101,140</u>	<u>2,320</u>	<u>2,103,460</u>
 Total Liabilities and Fund Equity	 <u>\$2,116,807</u>	 <u>\$2,320</u>	 <u>\$2,119,127</u>
 Fund Equity Per Governmental Balance Sheet	 \$2,103,460		
Plus Fixed Assets	<u>297,284</u>		
Net Assets Per Statement of Net Assets	\$2,400,744		

The footnotes are an integral part of these Financial Statements

**MANISTEE TOWNSHIP**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

	General Fund	Non Major Funds	Total
REVENUE			
Taxes	\$299,055	\$0	\$299,055
Licenses	3,910	0	3,910
State Grants	202,618	1,139	203,757
Charges for Services	16,141	0	16,141
Interest & Rentals	143,395	0	143,395
Other Revenues	24,097	0	24,097
TOTAL REVENUES	689,216	1,139	690,355
EXPENDITURES			
Legislative	102,292	0	102,292
General Government	106,731	0	106,731
Public Safety	59,108	0	59,108
Public Works	256,023	0	256,023
Liquor	0	1,110	1,110
Legal Fees		0	0
TOTAL EXPENDITURES	524,154	1,110	525,264
EXCESS OF REVENUES OVER (UNDER) EXPENDITURE	165,062	29	165,091
FUND EQUITY APRIL 1, 2007	1,936,078	2,291	1,938,369
PROIR PERIOD ADJUSTMENTS	0	0	0
FUND EQUITY MARCH 31, 2008	<u>\$2,101,140</u>	<u>\$2,320</u>	<u>\$2,103,460</u>
Net Revenue Per Governmental Statement	165,091		
Add Capitalized Assets	9,527		
Less Depreciation	<u>(18,016)</u>		
Net Revenue Per Statement of Activities	156,602		

The footnotes are an integral part of these Financial Statements

# **Manistee Township**

## **Notes to Financial Statements**

March 31, 2008

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Manistee Township is a general law Township located in Manistee County. The governing body of the Township is the Township Board which is composed of the supervisor, the clerk, the treasurer and two trustees. The Township has approximately 3,724 residents, based on the 2000 census, which it provides with fire protection, road maintenance, trash removal, street lighting and other services.

The financial statements of the Township include those of separately administered organizations that are controlled by or dependent on the Township for financial support. Control or dependence is based on such items as budgetary control, taxing authority, appointment of controlling or governing boards, and other criteria as outlined in GASB Statement #14.

No other organizations or governmental entities are considered in this report using these definitions.

#### **B. Basis of Presentation**

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial statements of the Township are presented in a series of self balancing funds.

The accounting policies of Manistee Township conform to generally accepted accounting principles and include the following fund types

##### **1. Government Fund Types use modified accrual basis and include -**

The general funds account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues and include those receivables which have an expectation of being received within 60 days.

The special revenue funds account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

##### **2. Fiduciary fund types include -**

The Trust and Agency Fund is unbudgeted and accounts for activities within those areas where in the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.



C. Basis of Accounting

All governmental funds use the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those which are reasonable to accrue. These are recorded as receivable when measurable. Specific types of tax revenue are reported as deferred revenue which are expected to be collected within sixty days. Other delinquent revenue not expected to be recovered within 60 days are reported only in the footnotes. Expenditures are recorded when the liability is incurred, except for interest on long term debt which is recorded as payments are made with an adjustment to account for accrued interest at year end.

D. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

E. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Measurement focus

The accounting and reporting treatment applied to a fund is determined by the current reporting standards of measurement focus. Thus all governmental funds are accounted for on a financial flow measurement basis. This means that only current assets and liabilities are presented on the Balance Sheets and operating statements measure increases and decreases in these net current assets. On the GASB 34 statements all assets and liabilities are presented in the Government Wide Statements.

G. Budgets

All funds are under formal budgetary control. Budgets shown in the financial statements are prepared on a modified accrual basis and consist of those amounts which are controlling during the formal budget approval process as original and as amended by the Township Board. Line items contained within the original budget are appropriated and amended only on a activity departmental basis.

H. Fixed Assets

All fixed assets are recorded in the Balance Sheet of the Government Wide Statements. This includes all assets which are considered of value to the Township and do not include public domain assets such as roads, sidewalks and drains. The full accrual basis makes provision for the depreciation of these assets. These assets are valued at historical cost when purchased or Fair Market Value as of the date they have been donated to the Township. Depreciation is based on straight line depreciations with lives from 10 to 50 years.

I. Long Term Debt

The Township has no long term debt

J. Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 31. Real property taxes are collected by the Township Treasurer through February 28th of each year. Any uncollected real property taxes are returned to be collected by the County Treasurer. Personal property taxes continue to be collected by the Township Treasurer. The amount collected for this fiscal year are:

Administrative Fee	\$ 65,881
Township Tax	299,055

The State Equalized Value (SEV) and taxable values are:

	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
SEV	\$ 169,898,700	\$ 18,554,700	\$ 188,453,400
Tax. Value	\$ 98,554,464	\$ 18,547,532	\$ 117,101,996

The millage for the current year is:

Township Operating	1.4812	Admin Fee	1.000
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In the current year additional funds (payment in lieu of taxes) were collected for two years in the amount of \$146,125 as distributed by the Revenue Sharing Board. In addition, administrative fees accompanied this amount to the extent of \$35,782.

**NOTE 2 - BUDGET APPROPRIATIONS**

Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Given the amendments actually approved there are no material budget variances. Information on budget categories has been included for information only. The budget appropriation is for department only and hence is the legal controlling amount.

**NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

A. Legal Provisions

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, states that the Manistee Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.

2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

3. In commercial paper rate at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.

4. In United States government or federal agency obligation repurchase agreements.

5. In bankers' acceptances of United States banks.

6. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

#### **NOTE 4 - TYPES OF DEPOSITS AND INVESTMENT**

The Township had \$1,293,973 in certificates of deposit with local banks, of which \$100,000 is insured. This would leave balances of cash as follows:

	Carrying Value
Deposits	
Uninsured & Uncollateralized-General	\$ 701,970
Insured and Uncollateralized-General	108,539

In addition, the Township has \$100 in petty cash.

#### **NOTE 5 - PROPERTY TAXES**

As of March 31, 2008, no property taxes were delinquent.

#### **NOTE 6 - INTERFUND ACCOUNTS**

There were no inter-fund loans or advances during the audit year. The only interfund activity was the transfer from the trust and agency fund due to tax collections and the interest accumulated which is due to the general fund.

#### **NOTE 7 - INVENTORIES**

No material parts or supply inventories are maintained by the Township.

#### **NOTE 8 - FIXED ASSETS**

Manistee Township maintains fixed asset detail records. These amounts were adjusted to account for all assets with a value in excess of \$5,000. All depreciation is computed using straight line with lives of 30-50 years for buildings, 15 years for Equipment and 10-25 years for fire vehicles. Detailed information concerning these accounts is as follows:

	04/01/07			03/31/08
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Buildings	\$268,412	\$9,527	\$0	\$277,939
Equipment	40,172	0	0	40,172
<u>Fire Vehicles</u>	<u>271,867</u>	<u>0</u>	<u>0</u>	<u>271,867</u>
Total Fixed Assets	\$580,451	\$9,527	\$0	\$589,978

### Accumulated Depreciation

	04/01/07			03/31/08
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Buildings	\$118,820	\$5,382	\$0	124,202
Equipment	16,505	2,679	0	19,184
Fire Vehicles	139,353	9,954	0	149,307
Total Fixed Assets	\$274,678	\$18,016	\$0	\$292,694

#### NOTE 9 - PENSION PLANS

Manistee Township's employees participate in either of two plans. One is offered by Municipal Retirement Systems, Inc., and the other by ManuLife. Both are plans offered under IRS Code Section 401(a).

##### Manufacturers Life:

Employees are eligible at age 21 up to age 75 with no restriction on time of service. Employees are 100% vested after 20 months of service. Funds become payable in the event of termination of employment, retirement, disability or death. ManuLife provides administrative services for the plan. The Township contributes 75% of the current cost and 100% of past service cost at \$1.50 per benefit month for each year of eligible past service, 10 year maximum. The contributions for the year ended March 31, 2008 were \$3,849 from the employer and \$189 from the employees for a total contribution of \$4,038. All required contributions were made.

#### NOTE 10 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities on the part of the Township.

#### NOTE 11 - COMPENSATED ABSENCES

The Township does not compensate for vacation or sick time and as such there is no computed liability for compensated absences. The Township does not have a liability for post retirement benefits.

#### NOTE 12 - RISK MANAGEMENT

All risk management is done through the use of commercial insurance.

## SUPPLEMENTAL DATA SECTION

**DAVID E. WILSON CPA**

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3015 M-137  
Interlochen, MI 49643

(231) 276-7668

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E-mail: wilson@davidwilsoncpa.com

To the Township Board  
Manistee Township, MI

We have audited the combined financial statements of Manistee Township for the year ended March 31, 2008. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

A handwritten signature in blue ink that reads "David E. Wilson, CPA". The signature is written in a cursive, flowing style.

Interlochen, MI  
January 15, 2009

# GENERAL FUND

MANISTEE TOWNSHIP  
Balance Sheet  
General Fund  
As Of March 31, 2008

Assets

Cash & Investments	\$2,102,061
Accounts Receivable Taxes	0
Accrued Interest Receivable	0
Prepaid Insurance	14,746
Due from Other Funds	0
Total Assets	<u>2,116,807</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	14,494
Retirement Payable	1,173
Deferred Taxes	0
Due to T&A Fund	
Total Liabilities	<u>15,667</u>

Fund Equity

Don Worm Memorial	1,090
Fund Balance	<u>2,100,050</u>
Total Fund Equity	<u>2,101,140</u>

Total Liabilities and Fund Equity	<u>\$2,116,807</u>
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MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$75,000	\$75,000	\$279,176	\$204,176
Delinquent Taxes	12,000	12,000	19,879	7,879
Licenses and Permits	5,000	5,000	3,910	(1,090)
State Shared Revenues	175,000	175,000	202,618	27,618
Admin Fees	20,000	20,000	65,881	45,881
Earned Interest	31,000	31,000	77,514	46,514
Rents and Royalties	5,000	5,000	16,141	11,141
Service Revenue	4,000	4,000	16,775	12,775
Refunds	0	0	1,112	1,112
Little River Band	0	0	4,600	4,600
Other Income	6,100	6,100	1,610	(4,490)
Total Revenues	333,100	333,100	689,216	356,116
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	9,000	9,000	7,240	1,760
Pension	5,300	5,300	3,927	1,373
Office Supplies	25,000	25,000	8,403	16,597
Professional Services	30,000	30,000	3,615	26,385
Insurance and Bonds	30,000	30,000	26,675	3,325
Education and Dues	9,000	9,000	6,803	2,197
MRA/Support Contract	14,000	14,000	6,350	7,650
Misc	18,500	18,500	29,752	(11,252)
Capital Outlay	21,200	21,200	9,527	11,673
Total Township Board	162,000	162,000	102,292	59,708
General Government:				
Economic Development	10,000	10,000	3,482	6,518
Township Supervisor:				
Salaries and Wages	10,460	10,460	11,000	(540)
Mileage and Travel	1,800	1,800	1,650	150
Total Township Supervisor	12,260	12,260	12,650	(390)
Elections:				
Salaries and Wages	5,000	5,000	1,140	3,860
Office Supplies	1,000	1,000	119	881
Total Elections	\$6,000	\$6,000	\$1,259	\$4,741

The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Assessor:				
Professional Services	\$30,000	\$30,000	\$25,000	\$5,000
Professional Supplies	4,000	4,000	975	3,025
Total Assessor	34,000	34,000	25,975	8,025
Clerk:				
Salaries and Wages	15,980	15,980	15,980	0
Deputy Clerk	1,200	1,200	405	795
Total Clerk	17,180	17,180	16,385	795
Board of Review:				
Salaries and Wages	1,200	1,200	1,740	(540)
Pension	125	125	0	125
Total Board of Review	1,325	1,325	1,740	(415)
Treasurer:				
Salaries and Wages	13,260	13,260	13,140	120
Deputy Treasurer	5,000	5,000	2,491	2,509
Tax Collection Assistant	0	0	0	0
Total Treasurer	18,260	18,260	15,631	2,629
Township Hall and Grounds:				
Salaries and Wages	8,500	8,500	7,650	850
Public Utilities	9,500	9,500	10,698	(1,198)
Maintenance and Repairs	18,000	18,000	8,720	9,280
Telephone	4,000	4,000	2,541	1,459
Total Township Hall	40,000	40,000	29,609	10,391
Total General Government	139,025	139,025	106,731	32,294
Public Safety:				
Fire Protection				
Salaries & Wages	12,600	12,600	10,107	2,493
Supplies	13,150	13,150	7,463	5,687
Gas/Oil	14,000	14,000	17,008	(3,008)
Education and Training	1,500	1,500	1,125	375
Insurance	5,000	5,000	5,054	(54)
Public Utilities	7,125	7,125	5,626	1,499
Telephone	900	900	577	323
Capital Outlay	0	0	0	0
Fire Truck and Equipment	25,000	25,000	260	24,740
Total Fire Protection	\$79,275	\$79,275	\$47,220	\$32,055

The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages	\$6,612	\$6,612	\$5,265	\$1,347
Retirement	0	0	0	0
Education and Dues	300	300	0	300
Expense Fund	360	360	315	45
Millage and Travel	0	0	0	0
Total Planning and Zoning	7,272	7,272	5,580	1,692
Board of Appeals:				
Salaries and Wages	12,000	12,000	4,850	7,150
Education	1,200	1,200	1,125	75
Retirement	1,000	1,000	333	667
Total Board of Appeals	14,200	14,200	6,308	7,892
Total Public Safety	100,747	100,747	59,108	41,639
Public Works:				
Street Lighting	14,000	14,000	12,307	1,693
Road Construction	200,000	200,000	161,356	38,644
Garbage Collection	85,000	85,000	78,230	6,770
Recycling Service	5,000	5,000	4,130	870
Total Public Works	304,000	304,000	256,023	47,107
Total Expenditures	705,772	705,772	524,154	180,748
Excess Revenues		(372,672)	165,062	175,368
Fund Balance - Beginning of Year			1,936,078	
Prior Period Adjustment			0	
Fund Balance - End of Year			<u>\$2,101,140</u>	

The footnotes are an integral part of these Financial Statements.

## NON-MAJOR FUND

MANISTEE TOWNSHIP  
Balance Sheet  
Liquor Law Enforcement Fund  
As Of March 31, 2008

Assets

Cash

\$2,320

Liabilities & Fund Equity

Fund Balance

\$2,320

The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures & Changes in Fund Balance  
Budget vs. Actual  
Liquor Law Enforcement Fund  
For The Year Ended March 31, 2008

	Budget	Actual	Favorable (Unfavorable)
<u>Revenues</u>			
License Fees	\$1,000	\$1,139	\$139
<u>Expenditures</u>			
Liquor Inspector	1,300	1,110	190
Excess Revenue (Expenditures)	-300	29	-271
Fund Balance - Beginning of Year		2,291	
Fund Balance - End of Year		<u>\$2,320</u>	

The footnotes are an integral part of these Financial Statements.

January 16, 2009

Manistee Township Board  
Manistee, MI

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Manistee Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Manistee Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Manistee Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Manistee Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The office has excellent records, with information clearly shown and readily available. In the test of controls, all internal controls are being used wisely with double checks on all amounts, distributions and deposits.

This information is intended solely for the use of the Manistee Township Board and management of Manistee Township and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in blue ink that reads "David E. Wilson CPA". The signature is fluid and cursive, with the initials "D E W" being prominent.

David E. Wilson CPA